

Message

From: Bonita Stewart [bonita@google.com]
Sent: 8/7/2018 4:19:32 PM
To: Chris LaSala [chrisl@google.com]
CC: Scott Sheffer [ssheffer@google.com]; Gabe Kronstadt [gabekronstadt@google.com]; Andrey Donovan [adonov@google.com]
Subject: Re: [Deal_review][GPX] Meeting Agenda for Aug 7, 2018: (1) Demiroren Internet (2) Digital Media Services

Hi Chris,

I would like to hear more about this direction in the GP Leads Sell side meeting.

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On Tue, Aug 7, 2018 at 11:03 AM Chris LaSala <chrisl@google.com> wrote:

Hi GPX Friends,

As part of planning, under Suresh's leadership, there is increased discussion and momentum to change our pricing approach in Google Ad Manager. The very high-level summary is that we historically have been subsidizing the platform (ad server discounts like the ones reflected in these deals) with the OA rev share at 20%. We are evaluating the best path to growing our fee revenue for the core platform, which would include a desire to hold price.

My personal view is that we've been able to hold OA pricing because it provides access to AdWords demand (AWBid is still a small %). All other demand sources are slowly moving to HB or other set-ups. Our share of 3P Buyer inventory is weakening, and Amazon and AppNexus will continue to expand their HB wrappers to multiple RTB demand sources. We are likely to see pricing pressure on all demand that is not AdWords and I think we can move our fees from OA to core platform, and let the buy-side manage their take rate independently (e.g. move DBM's model to not be reliant on the negotiated AdX rev share).

Food for thought....I am not suggesting that we reject these deals, but I do believe we should start to analyze this and put resources against it. And we should push our sales teams in GPX to get market feedback and test our assumptions. I am willing to find some resources to start exploring this, but would want sales finance and our pricing team to also contribute, with approval of this group before we go forward.

Happy to discuss in GP leads if that is a better forum.

Chris

----- Forwarded message -----

From: **Bipin Khurana** <khuranab@google.com>

Date: Fri, Aug 3, 2018 at 4:31 PM

Subject: [Deal_review][GPX] Meeting Agenda for Aug 7, 2018: (1) Demiroren Internet (2) Digital Media Services

To: GPX Deal Review - All <GPX-dealreview@google.com>, Deal_review <deal_review@google.com>, Publisher Policy Contract Team <publisher-policy-contracts@google.com>

Cc: Tugce Kobaza <tugce@google.com>, Alfonso De Gaetano <degaetano@google.com>, Bruno Bianchini <bbianchini@google.com>

Scott, Liz and Gabe (delegating for Andrey),

We have **2 Deals** for review at GPX meeting on Tuesday, 8/7 @ 8:30 am PST. We should be able to give back some time, but please reserve the balance of the hour in the event the topic overruns its allotted time.

Have a great weekend.

Thanks,
Bipin

Agenda:

[8:30 am – 8:45 am PST] DEMIROREN INTERNET YAYINCILIGI VE YATIRIM A.S.

[8:45 am - 9:00 am PST] Digital Media Services

Date | Time: Tuesday, Aug 7, 2018 | 8:30 AM PST

Notes | GVC: [go/gpxnotes](https://go.gpxnotes) | [go/meet/gpx](https://go.meet/gpx)

1. [GP18-068] DEMIROREN INTERNET YAYINCILIGI VE YATIRIM A.S.

- **Reason for GPX (fka PBSX) review:** Discount
- **Product(s):** DFP, AdExchange
- **Region(s):** EMEA
- **Deal Representatives:**
 - Tugce Kobaza (Head of Global Partnerships, Turkey)
- **Asks for GPX (fka PBSX):**
 - Waiving 1st Party Audience (currently Dogan Group at 60% discount, Milliyet 100%)
 - Adding a 54,900 TRY Monthly Minimum Fee (Dogan Group had 0 TRY Monthly Minimum Fee)
 - Ad Serving: 0-1B: 36%; 1B-3B: 39%; 3B or more: 60% (current Dogan's contract)
 - Advanced Video: 60% Discount (current Dogan's contract)
 - Rich Media: 60% Discount (current Dogan's contract)
 - Google Monetized Impressions Waived (current Dogan's contract)
 - PG & PD Revenue Share: 95/5 (current Dogan's contract)
- **Rationale in support of deal:**
 - After the acquisition of Dogan Media Group, Demiroren Group became the largest media group in Turkey doubling its volumes on DFP.
 - Demiroren Group has very strong presence in the market; therefore, it is very important for them to continue using our stack. Currently, Demiroren Group makes up more than 55% of LPS Turkey's AdX revenues.
 - Why we should do this deal?
 - Deal Value: With ~30% YoY Growth, expected deal value is \$38M for 2Y
 - Influencer: Made 55% of LPS TR's H1'18 AdX revenues
 - 3rd Party Inventory Management: MedyaNet manages 3rd party inventory on top of O&O; e.g. Mynet, 2nd largest AdX partner in 2016 & 2017
 - Early Adopter: Demiroren TV did a massive encoder investment and signed DAI, which is expected to go live in Q3'18; already launched AMP, Native, Outstream, Rewarded Video, EBDA, etc.
 - One Google: JBP with Hurriyet since 2017, Existing partnerships on GA360 & YouTube, Discussing Cloud opportunities, Google Assistant and YouTube PFP with group companies, Yenibiris (Job Classifieds) will be our Google Jobs launch partner.
- **Financial Highlights (est. annualized revenue of the deal):** \$14.9M
- **Success Metrics (6 month check in):**
 - Average Monthly Gross Revenue to grow to \$1.58M from \$1.26M in 6 months (tugce@google.com)

2. [GP18-070] Digital Media Services

- **Reason for GPX (fka PBSX) review:** Discount
- **Product(s):** DFP, DFP Video
- **Region(s):** EMEA
- **Deal Representatives:**
 - Alfonso De Gaetano (Director Global Partnerships, EMEA Emerging Markets)
 - Bruno Bianchini (Head of Global Partnerships, MENA)
- **Asks for GPX (fka PBSX):**
 - Display: Maintain current tiers at same pricing. Increase Discount for tiers 3.5-5.5b @30% vs 15%, 5.5-6.5b @35% vs 18%, >6.5b @40% vs 20%

- Video: Increase discount on video from 30 to 40% on both hosted and non hosted.
- Programmatic Rev Share: Maintain current structure of non-standard revenue share
 - PG/PD - 95%
 - PA (excl. AdWords) 90%
 - EBDA 95% (If EBDA 5% is not approved for a 2 yr renewal, as a fallback (not advisable) option, we require that EBDA 5% beta fee not be superseded by new contract and stay in place until April 2019 (as it is a grandfathered partner).
- **Rationale in support of deal:**
 - Display: capture extra 2b imps pm and expose inventory to AdX for monetization
 - Video: avoid risk of Freewheel to get video inventory
- **Current Deal Performance Overview:**
 - Signed in January 2017, the previous deal was expected to reach a value of \$20m in the period 2017-2019. It is on track to reach \$20m by the end of 2018 (i.e., one year in advance) with a growth of 550% and 220% in 2017 and ytd 2018, respectively.
 - To date, DMS group is the largest PG partner and 3rd largest Video partner in EMEA.
 - DMS is shifting Rubicon spend to EBDA; expected value of \$2m mainly from direct deals. Index Exchange app monetization revenue still to capture.
- **Financial Highlights (est. annualized revenue of the deal): \$17M**
- **Success Metrics (6 month check in):**
 - Increase Google Ad Manager inventory with 2b imps pm (+60% vs current volumes). (bbianchini@)
 - Increase Programmatic Revenue from \$27m to \$32m in 2019-2020 deal with additional \$4m+ from Video and App in EBDA. (bbianchini@)

GPX-

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Chris LaSala / Director, Global Programmatic Sell-Side Solutions / 212-565-8801 (office)

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